Memorandum

To: Honorable Doug Burgum, Governor
    Honorable Kelly Schmidt, State Treasurer
    Honorable Joshua Gallion, State Auditor
    Honorable Doug Goehring, Commissioner of Agriculture
    Honorable Ryan Rauschenberger, Tax Commissioner

From: Linda Leadbetter, State Supervisor of Assessments

Date: June 28, 2018

Subject: Meeting of the State Board of Equalization

The State Board of Equalization will meet in the Governor’s Conference Room, North Dakota State Capitol, first floor, Tuesday, July 10, 2018, at 1:00 p.m.

The following items are on the agenda:

1. Approval of the minutes of the May 3, 2018 meeting

2. Hearing for centrally assessed companies on the 2018 tentative assessments

3. Hearing for telecommunications carriers on the 2018 telecommunications gross receipts taxes

4. Approval of the State Medical Center Resolution

5. Preview of the August 14, 2018 meeting

6. Other business

cc: Sandy McMerty, Deputy Tax Commissioner
    John F. Schneider, Commerce Department
The State Board of Equalization met in the Peace Garden Room of the State Capitol Thursday, May 3, 2018, at 10:30 a.m.

The following members were present:
   Lieutenant Governor Brent Sanford, Chairperson
   Kelly Schmidt, State Treasurer
   Joshua Gallion, State Auditor
   Doug Goehring, Commissioner of Agriculture
   Ryan Rauschenberger, Tax Commissioner and Secretary of the State Board of Equalization

Lieutenant Governor Sanford called the meeting to order at 10:34 a.m.

It was moved by Treasurer Schmidt and seconded by Commissioner Rauschenberger to approve the minutes from the December 18, 2017 meeting.

The second item of business was the new business incentive agreement for Novum Pharmaceutical Research Services. Commissioner Rauschenberger provided background on the new business incentive agreement and the adjustment of goals. Linda Leadbetter, State Supervisor of Assessments, briefed the Board on the agreement and goals established in 2013. Discussion of goals and how they are determined followed.

Chris Chamberlain, CEO of Novum Pharmaceutical Research Services, addressed the Board. Mr. Chamberlain discussed Novum’s research, and investment in North Dakota, as well as the impact the company has had on the Fargo area.

The Board and Mr. Chamberlain continued discussion regarding the projected number of employees in 2013 versus the current number of employees. Gary Feist, corporate income tax specialist, provided the Board with the estimated tax benefit on the date of application at the request of Commissioner Goehring. Commissioner Rauschenberger provided information on the self-policing aspects of the agreement.

Treasurer Schmidt inquired about past precedent of the adjustment of goals. Commissioner Rauschenberger and Ms. Leadbetter confirmed the Board has allowed adjustments to incentive agreement goals, as recently as 2016.

It was moved by Commissioner Goehring and seconded by Treasurer Schmidt to adjust the employee goal to seventy-nine, for the purposes of the new business incentive agreement for Novum Pharmaceutical Research Services.

Treasurer Schmidt and Lieutenant Sanford expressed their thanks to Novum Pharmaceutical Research services for their commitment to the people in the Fargo area and for choosing North Dakota.

Upon roll call, all members present voted “aye”. Motion carried.
Item three on the agenda was addressed. Ms. Leadbetter discussed third party assessors and the current statute as it relates to a special assessor and the hiring of a contractor to assess certain properties/areas. Discussion between Board members followed regarding variance in laws state to state, resource issues and lack of expertise in certain types of property.

Commissioner Rauschenberger talked about the concept of an industrial appraiser in North Dakota. Discussion continued. Lieutenant Governor Sanford asked if the main concern was the lack of standards, industrial assessors and/or sorting out local taxpayer issues.

Treasurer Schmidt, Commissioner Goehring and Commissioner Rauschenberger communicated the difficulty hired third party assessors from out of state have understanding how North Dakota views real versus personal property. Lieutenant Governor Sanford asked at what level are the industrial assessment responsibilities in other states. Commissioner Rauschenberger and Ms. Leadbetter provided insight into how neighboring states assess this type of property.

Discussion ensued regarding certification standards that could be addressed legislatively to require a certain level of certification before assessments could be done by third party assessors within the state. Auditor Gallion proposed discussion of certification recommendations at a future meeting.

The Board moved on to agenda item four, other business. The Board discussed the upcoming meetings in June and July. Commissioner Rauschenberger reminded the Board that the centrally assessed property meeting will be on July 10, 2018.

Auditor Gallion left the meeting at 11:33 a.m.

Ms. Leadbetter informed the Board of a survey that was sent by the North Dakota Association of Counties. The results will be provided to the Board at the next meeting.

Lieutenant Governor Sanford adjourned the meeting at 11:34 a.m.